

SECRET

Approved For Release 2001/09/06 : CIA-RDP79T00472A001800030003-7

MCO

NO FOREIGN DISSEM

BACKGROUND USE ONLY

OCI No. 0637/65

Copy No.
98

WEEKLY REPORT



DIA, DOS Declassification/Release Instructions on File

THE SITUATION IN SOUTH VIETNAM

15 September 1965

**INTELLIGENCE AND REPORTING SUBCOMMITTEE OF THE INTERAGENCY
VIETNAM COORDINATING COMMITTEE**

**NO FOREIGN DISSEM
SECRET**

Approved For Release 2001/09/06 : CIA-RDP79T00472A001800030003-7

GROUP 1
Excluded from automatic
downgrading and declassification

THIS MATERIAL CONTAINS INFORMATION AFFECT-
ING THE NATIONAL DEFENSE OF THE UNITED STATES
WITHIN THE MEANING OF THE ESPIONAGE LAWS,
TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMIS-
SION OR REVELATION OF WHICH IN ANY MANNER TO
AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

OCI No. 0637/65

Published by the Directorate of Intelligence
Central Intelligence Agency

THE SITUATION IN SOUTH VIETNAM
(9 September - 15 September 1965)

C O N T E N T S

	<u>Page</u>
THE WEEK IN PERSPECTIVE	iii
Map, South Vietnam, following page	
I. THE SITUATION IN SOUTH VIETNAM	1
A. POLITICAL SITUATION	1
Hue student activity remains quiet (p. 1); Tri Quang expects trouble (p. 1); Military Directorate moving to set up civilian advisory council (p. 2); Congress of the army convenes (p. 2); Government actions against FULRO (p. 3); The CVT labor group and Saigon leaders meet (p. 4); Rice stocks fall in Saigon and in the delta (p. 4); The plaster's value still drops (p. 4).	
B. MILITARY SITUATION	5
Viet Cong concentrates on guerrilla activity (p. 5); VC start using dogs (p. 5); Suspected regimental buildup in Phuoc Long Province (p. 6); VC concentrate on lines of communications (p. 6); Operation PIRANHA (p. 6); Vietnamese and US Air Force activity (p. 7).	

Page

C. RURAL RECONSTRUCTION

8

Marked increase in Chieu Hoi returnees (p. 8); Experimental rallier hamlets planned for each Corps (p. 8); Rural reconstruction cadre training to start (p. 8); Psywar directive to RVNAF (p. 8).

II. THIRD COUNTRY DEVELOPMENTS

9

Two GVN ambassadorial appointments (p. 9); Increased GVN representation in Africa urged (p. 9); General Thieu to visit Seoul, Premier Ky will go to Malaysia (p. 9); Australians send more troops (p. 9); New Zealand medical team enroute (p. 9); Switzerland gives \$23,000 to International Red Cross (p. 10).

Map, North Vietnam, following page 10

III. DEVELOPMENTS IN THE BLOC

11

Nineteenth SAM site spotted (p. 11); Mobile SAM units may be deployed (p. 11); French Communists urge DRV delegation to negotiate (p. 11); Delegation may be feeling out overall sentiment (p. 11); Hanoi cautious with statement on India-Pakistan (p. 12); DRV concern over air strikes (p. 12); China still firm against negotiations (p. 12); Brezhnev again denounces US insincerity (p. 12).

- ANNEX
1. New GVN Land Reform Proposals
 2. South Vietnam Battle Statistics
 3. US Combat Casualties in Vietnam

(The Weekly Report on the Situation in South Vietnam is based on contributions from CIA, DIA and INR; it is edited and published by CIA without final coordination. A fully coordinated Monthly Report will be disseminated on the first Friday of every month.)

-ii-

BACKGROUND USE ONLY

~~SECRET~~

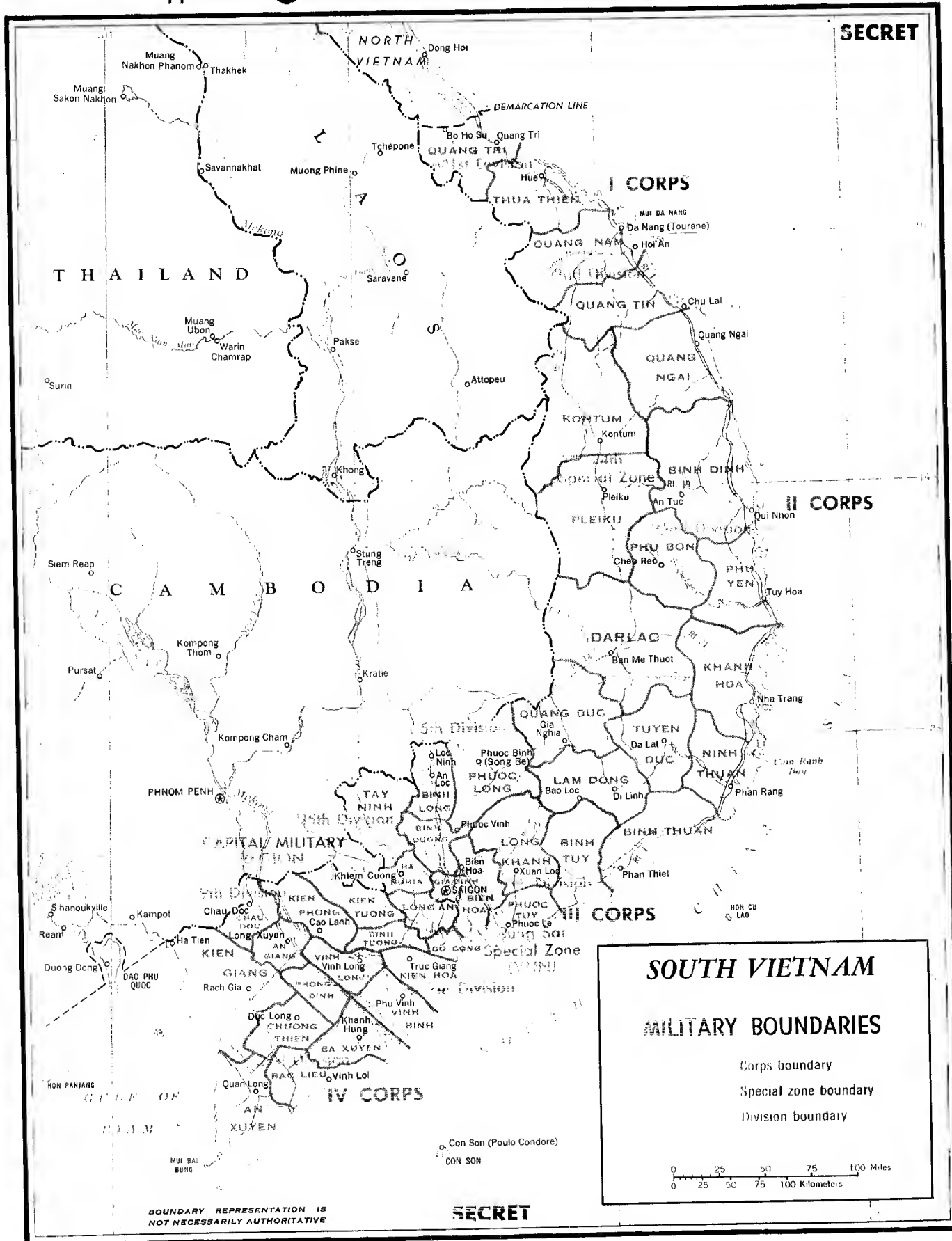
THE WEEK IN PERSPECTIVE

The political situation in the northern provinces has remained quiet for the past ten days as a result of the apparent failure of antigovernment student groups to attract open support from the Buddhists or the public. Buddhist leader Tri Quang, however, has warned that unrest in the area is likely to persist under the present government and may again intensify. The Military Directorate in Saigon, meanwhile, is moving ahead with its plan to set up a civilian advisory council to the cabinet, and last week end held a major military congress to demonstrate both its firm control and the government's responsiveness to suggestions about its performance to date.

After the government resorted to military operations to bring about the surrender of some 400 armed tribesmen from the dissident autonomy movement, FULRO, government officials staged a ceremony in the highlands by welcoming the dissidents back to the fold. Despite further government plans to meet with local tribal leaders concerning their grievances, there are continuing signs of friction between Vietnamese and FULRO sympathizers, which threaten to affect the loyalty of tribesmen serving in government CIDG units. In Saigon, the military leadership continues to display an attitude of considerable reserve toward South Vietnam's leading labor union.

Viet Cong activity continued at the guerrilla level during the week. The only major military actions were by US and GVN forces.

SECRET



I. THE SITUATION IN SOUTH VIETNAM

A. POLITICAL SITUATION

1. The political situation in the northern provinces of South Vietnam remains quiet, there have been no open attacks on the government in Saigon or appeals for action since the weekend of 4-5 September when the Hue student groups decided to cease their anti-government activity.

2. The student campaign in Hue was muted almost certainly because it failed to arouse any widespread public support, particularly any open endorsement from Buddhist leader Thich Tri Quang or from student leaders in Saigon, and because it also failed to shake the outward show of unity among the military leaders themselves.

25X1C
[REDACTED] Tri Quang was alarmed over a possible trend toward violence and toward increased anti-American sentiment, and that his hasty trip to Hue in late August-early September may have been to tone down the student protest movement.

25X1C
3. After his visit Tri Quang nevertheless told the US consul in Hue that he expected trouble in the northern provinces to continue. He implied that agitation might be resumed if developments warranted it. He claimed that the "people" in the area desired primarily a legally constituted civilian government, and would remain restive if the present military government continued in office and the war dragged on. Quang claimed that the best solution would be to form a national assembly from the existing elected provincial and municipal councils, which would then choose new civilian leaders in Saigon.

Quang's position continues to reflect some differences with the views of General Thi, the military commander in the northern provinces. Thi has characterized the elected councils as the greatest mistake of the former Quat government, and has blamed the councils for much of the recent local unrest.

4. Meanwhile, the Military Directorate in Saigon appears to be moving ahead with its plans to establish a civilian advisory council. According to the secretary-general of the Directorate, General Pham Xuan Chieu, the military contemplate a council of about 100 members, to be seated by 1 November, Vietnam's National Day marking the overthrow of the Diem regime. Chieu said that the council would probably include a representative from each of the 43 provincial and five municipal councils, with the balance of its members carefully selected from among various religious and professional groups, labor unions, and political parties. Ambassador Lodge had previously commented that the council might prove troublesome in view of Premier Ky's lack of any reliable civilian political base, but General Chieu appeared cautiously optimistic that the council could be kept under control. He noted that the council would advise the cabinet rather than the Directorate, and that, while the council would have no initial legislative authority, it might evolve into a constituent assembly if successful.

5. On 11 September, the Directorate convened in Saigon a "congress of the entire army," comprising a reported 1,868 delegates representing military officers down to the level of company commander. The congress was partly intended to demonstrate the solidarity of the armed forces, but was also designed to make it clear that the military intend to remain firmly in control of the government. The conclave adopted a resolution generally endorsing the government's programs, and heard speeches by Premier Ky and by Generals Thieu and Co. The afternoon session was essentially a caucus on the government's performance, with lower-ranking officers freely participating and directing the bulk of their criticism at Ky's failure to curb inflation and Defense Minister Co's retreat on the mobilization decree affecting intellectuals. Most officers reportedly considered the congress a success, and similar congresses are planned with the hope that eventually all officers will have participated.

6. Two days before the congress, General Thieu delivered what was in effect a keynote

speech, declaring that the South Vietnamese people would never solicit negotiations with the Communists and would never be compelled to accept a solution which would barter away their legitimate interests through neutrality or a coalition with the Communists.

7. The US Embassy assessment of recent developments affecting ethnic tribesmen in the central highlands has concluded that the situation is still fluid despite precipitous moves by the government which threatened to shake the loyalty of the tribes. These moves began on 7 September when troops in one CIDG camp were disarmed because local Vietnamese commanders, suspected that negotiators from FULRO--the dissident tribal autonomy movement--were stalling with the government to allow FULRO units in the area to try to subvert various CIDG forces to their cause. On 10 September, government troops launched simultaneous operations against a Viet Cong force and a FULRO force near Ban Me Thuot, and succeeded in causing the peaceful surrender of a 400-man FULRO unit. Despite the danger of the government provoking new tribal disaffection by resorting to harsh actions, the conflict has been temporarily patched up through a ceremony attended by Premier Ky on 15 September. At that time, the surrendering FULRO troops pledged their allegiance and were welcomed back to the government side.

8. General Vinh Loc, II Corps commander has advocated firm action against tribal dissidents, but for the present has conceded to be more lenient. On 18 September he plans to begin a series of meetings in each highland province among Saigon officials and tribal leaders in a further attempt to satisfy tribal demands. Traditional Vietnamese distrust of the Montagnards however, and Saigon's chronic foot-dragging--not only on the issue of autonomy but on providing special services for the tribes--make it likely that the problem will remain unresolved.

9. The military government's distaste for encouraging a strong labor movement, and its recent

~~SECRET~~
NO FOREIGN DISSEM
BACKGROUND USE ONLY

efforts to enforce a decree against the CVT--the country's major union--requiring advance government approval of union meetings threatened to provoke a general strike. CVT officials have complained of police surveillance of their headquarters and of alleged discrimination against them in favor of rival union leaders. They protested the government ruling, but probably lacked the strength to pose any serious threat to the regime. They succeeded, however, in meeting with labor ministry officials and with Saigon military and police authorities, on 11 September. At that time, they aired their grievances and aims, and improved their position for the present. A strike now seems unlikely. It is still questionable whether the CVT will succeed in overcoming government hostility and whether it will remain a relatively effective vehicle for a strong, non-Communist labor movement.

Economic Situation

10. Rice stocks fell to 63,792 metric tons in Saigon, and a reported 50,875 metric tons in the delta by the end of August. Although import shipments have recently been delivered to Da Nang, the supply in Saigon remains a matter of concern. Monthly requirements for Saigon and central Vietnam total over 50,000 metric tons. The previous decline in rice prices was reversed during the week, reflecting the tighter market.

11. The GVN is considering rice distribution measures designed to lessen dependence on private trade, especially Chinese merchants. The policy may cause the state to become more involved and may also cause a private company of Vietnamese rice dealers to be established to compete with the Chinese. A decree establishing a Rice Bureau in the Office of Supply is now awaiting Premier Ky's signature.

12. The free market value of the piaster in terms of US dollars continued to decline after the introduction of scrip (MPC's) and the new exchange arrangements at the end of last month. On 11 September one US dollar brought \$VN 145-150 compared with \$VN 131-132 on 28 August. The consumer price index rose by four percent last week, bringing it to a level 5 percent higher than last month, and 22 percent above last year's level.

-4-

~~SECRET~~

B. MILITARY SITUATION

1. Viet Cong activity continued at the guerrilla level throughout the week of 4-11 September. The only major military actions were by US and GVN forces.

2. There were seven small attacks by the Viet Cong; all but one were against Regional or Popular Force units; three were ambushes. The incident total was 12 percent higher than the previous week's. First and IV Corps each totaled about 30 percent of all incidents. In the previous week's pattern, the IV Corps was high with one-third of all incidents. Terrorism accounted for 58 percent of the total; sabotage and propaganda increased; and there were 50 percent more firings at aircraft.

3. In I Corps Tactical Zone (CTZ) harassing fire increased 50 percent during the week. Cautious employment of guerrilla forces characterized Viet Cong-initiated military activity. One ambush and one night attack were reported. In II CTZ, incidents continued at a low level, with two Viet Cong attacks reported. Patrolling by US and Vietnamese forces along Route 19 met increasing enemy resistance. The first known Viet Cong use of dogs occurred in the Kong Sac area of Kontum Province; the dogs alerted the guerrillas to the presence of friendly troops in ambush positions. The Viet Cong in III Corps have been quiet except for four apparently coordinated actions in Long Khanh Province. Viet Cong activity virtually ceased in Long An and Hau Nghia provinces. Use of helicopters at night appears to have contributed to this slowdown. One prisoner has stated that night helicopter operations against river traffic decreased the mobility of his battalion, and that night river crossings, which formerly required two hours to complete, now take six to eight hours because of additional precautions taken.

An apparent buildup of Viet Cong forces in Duc Phong district, involving at least a regiment, suggests a threat against the district town which is the only GVN center of influence in eastern Phuoc Long Province. Although no significant actions developed in IV CTZ, two ambushes occurred. The Viet Cong continue to harass isolated posts, using 57-mm and 75-mm recoilless rifles with increasing frequency.

4. The Viet Cong are still concentrating on obstructing lines of communications. National Route 1 is closed in southern Quang Ngai, central Binh Dinh, southern Binh Thuan and all of Binh Tuy provinces. Route 19 is closed west of Pleiku City but open to the east. Route 9 is closed in Quang Tri Province. Route 14 is closed north of Kontum and throughout Phuoc Long and Binh Long provinces. Route 17 is closed in Kien Giang, east and west of Rach Gia. Interprovincial Routes 1 and 10 are closed in Binh Duong Province. Route 7 is closed in Phu Yen and Phu Bon provinces.

The national railroad is operating between Saigon and Xuan Loc, Long Khanh Province; between Song Mao, Binh Thuan Province, and Ninh Hoa, Khanh Hoa Province; between Dalat, Tuyen Duc Province, and Phan Rang, Ninh Thuan Province; and between Da Nang, Quang Nam Province, and Dong Ha, Quang Tri Province.

5. Combined operations in I CTZ dominated the government military effort. The kill ratio in favor of the GVN increased to 2.4 to 1, from last week's 2.1 to 1, largely because of two military setbacks for the Viet Cong, in which US Marines played prominent roles. In Quang Ngai Province, PIRANHA, an amphibious sweep of the heavily fortified Cap Batangan area, cost the Viet Cong 202 killed, 61 captured, and 18 weapons. Friendly losses were 11 killed (one US) and 48 wounded (12 US). In other action, in eastern Quang Nam Province, strong Viet Cong resistance required the rapid airlifting of US Marine reinforcements. Enough combat power was thus developed, to force enemy withdrawal

and to net 92 Viet Cong killed, five captured, and five weapons seized. Government losses were 28 killed, 93 wounded, and two missing.

6. Elsewhere, government military operations were not significant. Larger-scale operations in progress averaged about 14 per day. Small-unit operations totaled 19,965, an average of 2,852 a day. A total of 113 contacts were reported--about one-half of one percent. CIDG and other units advised by US Army Special Forces increased operations and contacts. CIDG Camp Buon Brieng in central Darlac Province was closed, and the Rhade tribesmen comprising the CIDG force disarmed and demobilized.

7. Vietnamese Air Force operations declined; most missions were in support of ground operations. US Air Force activity increased, with airlanded resupply missions accounting for most of the gain. SAC B-52's made four high-altitude precision bombing missions. Sea, river, and coastal force operations continued, with no significant developments reported.

C. RURAL CONSTRUCTION

1. During the period 4-11 September 2,406 persons were recorded as returning to GVN control. Included were 179 military, 40 political cadres, 13 draft dodgers and deserters, and 2,174 civilians. This week's total is a marked increase over the previous week when a total of 962 individuals returned. The civilian category of returnees made the greatest gain, 2,174 versus last week's 738. The number of military returnees declined this week, the number of political cadres gained slightly.

2. Funds are now being released under the auspices of the Chieu Hoi program to establish eight experimental Quy Chanh (rallier) hamlets. Five are now under construction and a sixth site in Vinh Long Province is being readied. These special hamlets are intended to provide homes for Chieu Hoi returnees who cannot go back to their own hamlets because of security or personal reasons. Each Corps area will have at least one of these experimental hamlets. Four will be located near provincial capitals; Can Tho, Bien Hoa, Pleiku or Nha Trang, and Da Nang. One planned hamlet in Phu Bon Province will combine refugees and ralliers on an experimental basis.

3. The Directorate for Rural Operations, under the Ministry of Rural Construction, has recently been staffed and is currently working on the problem of defining the mission of the rural construction cadres. A training course for 100 rural construction cadres is scheduled to begin on 1 October. The Rural Construction Ministry, evidently planning to expand the course, has made plans to construct dormitories in Saigon capable of housing 200 students.

4. In psychological operations, General Co, Minister of War, in an order of the day, urged the RVNAF to improve their solidarity with the people, to demonstrate their respect for discipline, and to eliminate arrogance and improper actions toward the civilian population. He stressed that recent victories over the Viet Cong were the result of the voluntary intelligence provided by the local people.

II. THIRD COUNTRY DEVELOPMENTS

A. AMBASSADORIAL APPOINTMENTS

There were few significant international developments this week. The GVN continues to postpone in deciding on ambassadorial appointments. Former Budget and Foreign Aid Director General Vu Van Thai, however, has now been nominated as GVN Ambassador in Washington. General Tran Thien Khiem, presently Ambassador to the United States, will reportedly become Ambassador to the Republic of China.

B. AFRICA

The US Embassy in Saigon continues to urge the GVN to adopt a more active policy in Africa through the assignment of more diplomatic representatives. The GVN has been urged to send a high level delegation to six or eight African countries (both Anglophie and Francophie), devoting about three days to each. US officials have also suggested that the GVN send a statement of its views on the Vietnamese conflict to the Secretariat of the Organization of Africian Unity for the upcoming OAU "summit" which may begin on 21 October in Accra.

C. ASIA

General Nguyen Van Thieu, chairman of the Directorate and Chief of State, will reportedly make a state visit to Seoul shortly in early October. Premier Ky is also expected to visit Malaysia in early October.

D. FREE WORLD ASSISTANCE

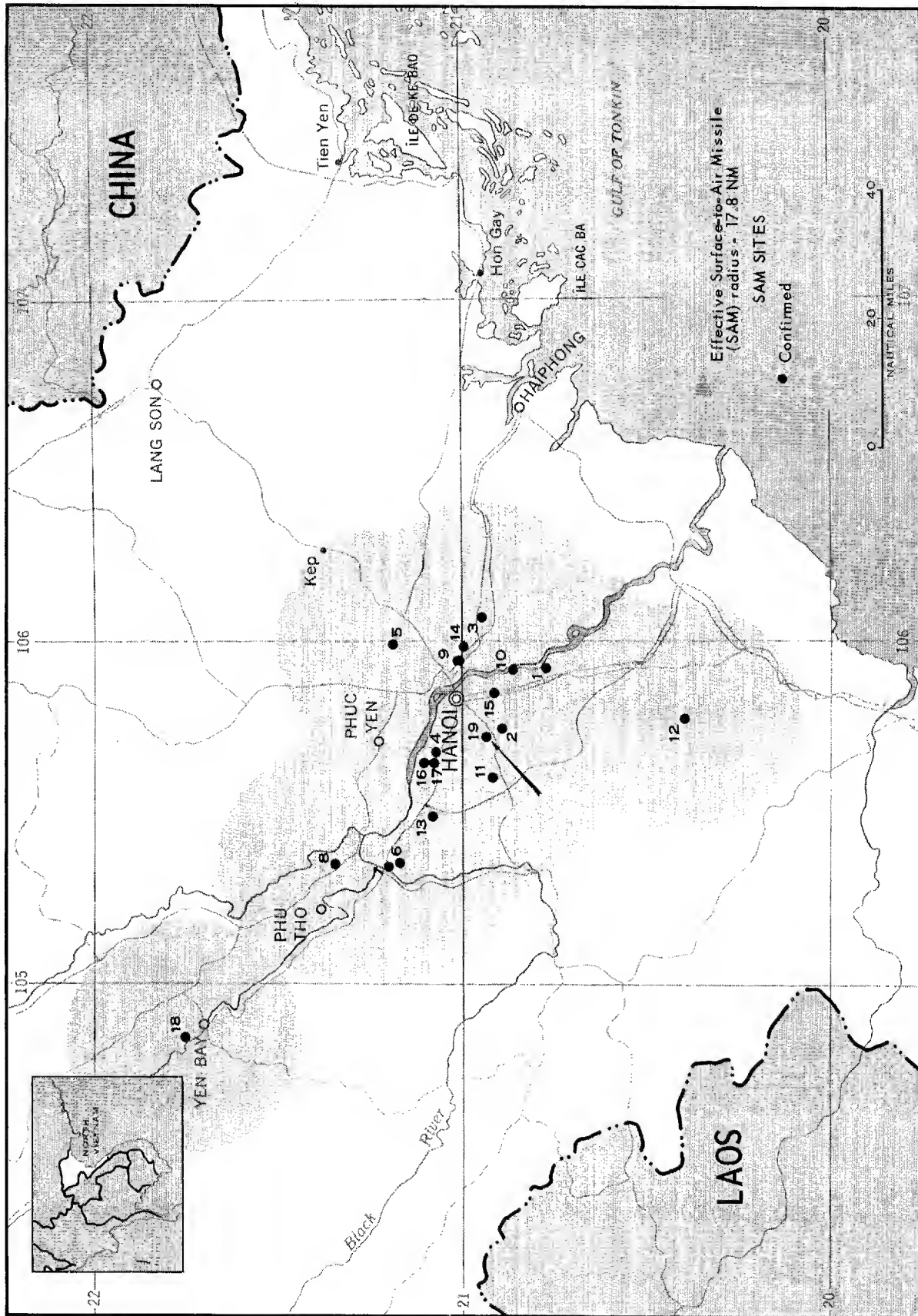
1. AUSTRALIA

Three hundred and fifty Australian troops left Australia for South Vietnam on 11 September. The troops were promised by Prime Minister Menzies in August and are to support the Australian infantry battalion already in South Vietnam.

2. NEW ZEALAND

New Zealand under its Colombo Plan commitment, will send a surgical team to South Vietnam to relieve the team now working there.

NORTH VIETNAM: SURFACE-TO-AIR MISSILE SITES



SECRET
NO FOREIGN DISSEM
BACKGROUND USE ONLY

3. SWITZERLAND

On 7 September the Swiss Government donated 100,000 Swiss Francs (US \$23,000) to the International Red Cross Committee for aid to war victims of both North and South Vietnam. The sum will be used for clothing, food, and medicines for civilians.

III. DEVELOPMENTS IN THE BLOC

A. MILITARY DEVELOPMENTS

1. A new, fixed surface-to-air missile (SAM) site in North Vietnam was confirmed in analysis of 4 September drone photography during the week. The site is located eight miles southwest of Hanoi. This brings to 19 the number of such defensive missile installations in the DRV. In addition, it is now certain that at least one mobile SAM unit is being employed in the central coastal region of the DRV in the vicinity of Thanh Hoa. Similar mobile units are believed to be operating northwest of Hanoi and possibly in the Laos border area of central North Vietnam where US strike aircraft frequently fly.

B. NEGOTIATIONS

25X1C

1. [REDACTED] on the activities of the North Vietnamese party delegation currently in France was received this week. [REDACTED] 25X1C
[REDACTED] French Communist Party leaders claim to have had some success in convincing members of the delegation that Hanoi should initiate negotiations with the US, presumably by making concessions in the DRV position. While [REDACTED] this information may have exaggerated the French success in the talks, it is significant that the DRV delegation, which was headed by politburo member Le Duc Tho, was willing to discuss the war with members of a Communist faction known to favor concessions by North Vietnam. 25X1C

2. Pressure by Italian Communist Party officials on the Rome government to grant visas to the DRV delegation have met with no success. The Communist leaders in Italy claim that the delegation "might be carrying some interesting proposal" (presumably on ending the war.) Hanoi is known to have expressed an interest several months ago in having Le Duc Tho stop in Italy for talks with the Italian Communists.

3. It is doubtful that Hanoi has charged this delegation with making concrete proposals in either France or Italy on negotiating the war, but it is

possible that the group is attempting to feel out the sentiment of the Communist community on the war issue as well as to probe for any US concessions in American terms for peace.

C. PROPAGANDA

1. The DRV's unwillingness to become embroiled in an issue on which its two major allies--China and the Soviet Union--have taken opposing stands was reflected in Hanoi's propaganda treatment this week of the India-Pakistan war. While Moscow and Peking were quick to voice their positions on the war, Hanoi's first statement--an authoritative "Observer" article in Nhan Dan--did not appear until 11 September. A DRV desire to maintain a balance between its two allies was evident in the article. The statement pointed out that the issue of self-determination in Kashmir had touched off the conflict, and that "inappropriate" action by the Indian government had been largely responsible for aggravating the situation. The article scored Indian unwillingness to settle the issue peacefully, but failed to condemn New Delhi as the aggressor or to side with Pakistan, as have the Chinese. Rather, it accused the US, Great Britain, and the UN of being the true violators of the rights of the people of Kashmir while calling for a "peaceful settlement" of the conflict in a fashion similar to that expressed by the Soviet Union.

2. The most explicit statement in some time of Hanoi's concern over the effect of US air strikes on public morale was on 11 September when a domestic broadcast discussed conditions in the Viet Bac Autonomous Region, in northeastern North Vietnam. The broadcast expressed particular dissatisfaction with evacuation practices in this region and implied that local residents had taken to their heels with little regard for planned evacuation procedures. Cadre members and state employees were urged to "explain things" to the people in order "to reassure them." The broadcast also revealed the regime's continuing suspicion that the Viet Bac area is harboring spies and provocateurs. All provinces were instructed to counter the "erroneous views" allegedly spread through the area by "the enemy" and to "smash in time" all counterpropaganda arguments." The broadcast warned

that "cadres and people" in the area are not yet fully aware of the "tricky, dangerous schemes" of the enemy. During the week additional statements about the effect the air raids are having on public health, the production of medicines, and the irrigation and dam network in North Vietnam further pointed up the apparently rising concern in Hanoi.

3. China's continued opposition to negotiations on Vietnam was underscored in an interview granted by Chou En-lai to a correspondent of the Middle East News Agency on 8 September. Chou was quoted in an NCNA account of the interview as declaring that there could be no compromise solution of the Vietnam problem in exchange for the "restoration" of Chinese membership in the UN. Chou alleged that the Vietnamese were growing "ever stronger" in their struggle against the US, and repeated Peking's position that the "only way" to solve the Vietnamese problem was for the US to "respect the 1954 Geneva agreements" and withdraw its armed forces from South Vietnam.

4. Soviet Party chief Brezhnev in a 10 September speech also took sharp issue with the US policy in Vietnam. Brezhnev claimed that Washington's "escalation" of the war demonstrates the insincerity of its call for a peaceful settlement. He declared that "military gambles" designed to crush the "national liberation movement" are doomed to failure. However, in a remark apparently directed at both Washington and Peking, he warned that "it would be a mistake" to underestimate the dangers of the current situation since so-called "local conflicts are fraught with the threat of a big war."

~~SECRET~~

ANNEX

NEW GVN LAND REFORM PROPOSALS

As part of its announced "revolutionary" program designed to win mass support, the Ky government has taken a renewed interest in the long dormant GVN land reform program. The Cabinet has approved new proposals which, if consistently implemented, could help in winning the support of the rural population, despite certain limitations in the program.

A. PAST PROGRAM

1. Shortly after its inception, the Diem government introduced a land reform program designed to benefit the country's 1,200,000 tenant rice farmers. A rent control and tenure program was begun in 1955, which limited rents to 25 percent of the main crop, provided for five year renewable contracts at these terms for tenants, and set up village and district agrarian reform committees. Under Ordinance No. 57 of late 1956, the government limited individual ownership of rice lands to 100 hectares, and limited to 30 hectares the amount that could be tilled by the landlord himself. The excess over 100 hectares was to be sold to the government for 10 percent each and the balance in non-negotiable bonds. This land was then to be redivided among tenants, with landless laborers, veterans, and war victims following in priority. The new owners would pay for it in six yearly installments. Subsequently, the payment period was lengthened to 12 years. In 1958, under the terms of a Franco-Vietnamese agreement, the French financed the purchase of approximately 225,000 hectares of French-owned land for redistribution.

2. Compared with programs of other nations and Viet Minh land redistribution, the Diem land reform program was limited. Even in the delta where land is relatively abundant, 100 hectares represents a very high retention limit (one hectare is equivalent to 2.47 acres). The average family cultivates an area of three hectares or less. Because the title to the land remained with the government until payments were completed, the new owner could not borrow on his equity; moreover, the law did not allow him to mortgage the land for an additional four

~~SECRET~~

~~SECRET~~

years. Provisions for agricultural credit and technical improvements, necessary parts of a successful land reform program, were inadequate.

3. At the program's outset, it was estimated that 300,000 tenants would become landowners, and the remaining 900,000 would be protected by the rent control and security measures. However, to date, provisional land certificates have been issued to 115,000 new owners for 264,000 hectares out of a total of 436,000 hectares expropriated under Ordinance 57. The rent control provisions proved unenforceable, particularly in land-poor central Vietnam where the landlord clearly had the upper hand and the practice of double cropping complicated application of the rent limitation. As a consequence of these difficulties, as well as of declining interest and lack of administrative capability, the GVN dropped serious attempts to enforce the law. Until December 1964, there were no plans to distribute the land formerly owned by the French landlords. Where possible, the government rented the land at the 25 percent rate.

B. THE PRESENT PROGRAM

1. The new GVN program is designed to meet some of the problems discussed above. It consists of three main elements:

a. The 225,000 hectares of former French holdings will be distributed with provisions to improve yields, particularly through water control, irrigation improvements, and establishment of farmer organizations to encourage technical development. Land values will depend on yields, and payment will extend over 12 years. In the first year, the government hopes to distribute 23,000 hectares now in areas under its control. Distribution of the remainder will depend on improved security.

b. Village communal lands, now rented to highest bidders (rentals often exceed 50 percent of the crop), will be rented at rates from 15 to 25 percent of the average yield. Priorities in the use of this land, to be determined locally, will be given to disabled veterans, war victims, and Popular Forces members. This program is now under way.

~~SECRET~~

~~SECRET~~

c. Full titles will be granted to all owners under Ordinance 57 regardless of whether they have completed payments, although the government will retain a lien on the land until payments are completed. A moratorium of one or two years on payments for Ordinance 57 lands will be granted, effective during the current emergency, together with land tax forgiveness during the 12-year period of land payments.

2. The GVN also intends to exempt tenant farmers from paying back rent to landlords for periods during which land was under Viet Cong control. The government is also considering sale of communal lands, government purchase and redistribution of land offered for sale voluntarily, and the possible reduction of maximum rice land holdings to 50 hectares.

C. EVALUATION AND PROSPECTS:

1. If the new GVN program is effectively implemented, it may be a small but significant contribution to GVN efforts to gain the support of the rural population. The transfer of former French lands to tenants will provide ownership to a new group of farmers, while the temporary moratorium on Ordinance 57 payments and the period of land tax forgiveness will ease financial pressures on owners of this land. If the additional measures being considered are approved and implemented, the impact of the GVN program will be considerably extended. The provision of full titles could have economic as well as psychological significance if the new owners can now use their land equity as security for borrowing. The new allocation system for communal land, aimed at benefiting deserving individuals, and exempting tenants in newly pacified areas from paying back rents should have a favorable effect on peasant receptiveness to renewed GVN control.

2. However, in view of past experience and the current administrative weaknesses of the GVN, it is by no means certain that the new proposals will be effectively and equitably carried out. The requirements for providing irrigation improvements and establishing farmers' organizations may slow the rate of transfer of former French lands. Valuation of land by productivity rather than market value appears undesirable. The new system for allocation of communal land may well be hampered by vested interest and traditional resistance to change. Lack of

~~SECRET~~

~~SECRET~~

security in many rural areas will seriously impede implementation of each of these proposals. Moreover, the rejection by the GVN of more far-reaching proposals recommended by the US, such as the extension of a real measure of authority to the villages, the expropriation of land held by non-resident landlords, and provision for tenants to opt for purchase of land they occupy, will limit the psychological impact and economic importance of the program.

SECRET

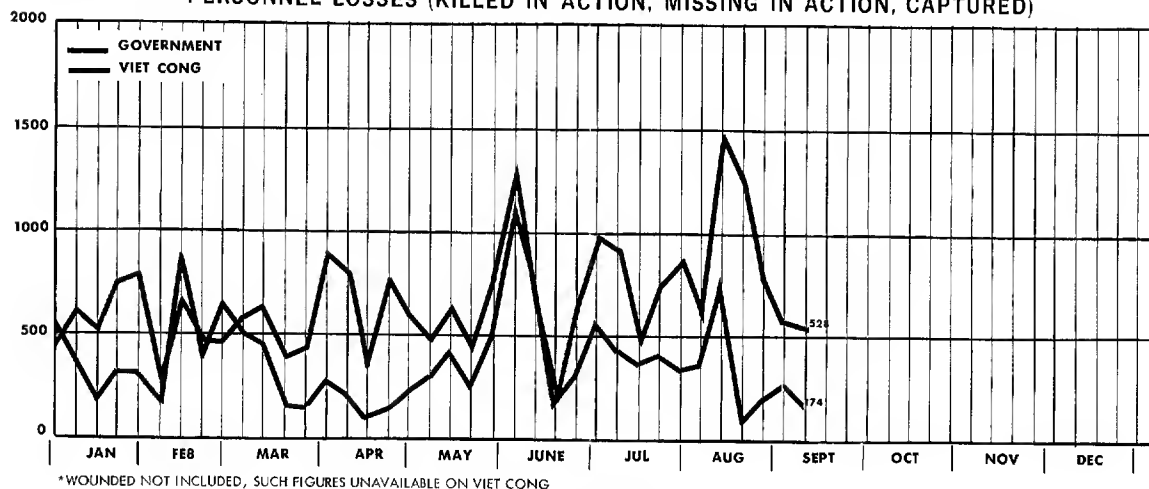
SOUTH VIETNAM BATTLE STATISTICS, 1965

SECRET

WEEKLY REPORT

4 - 11 September

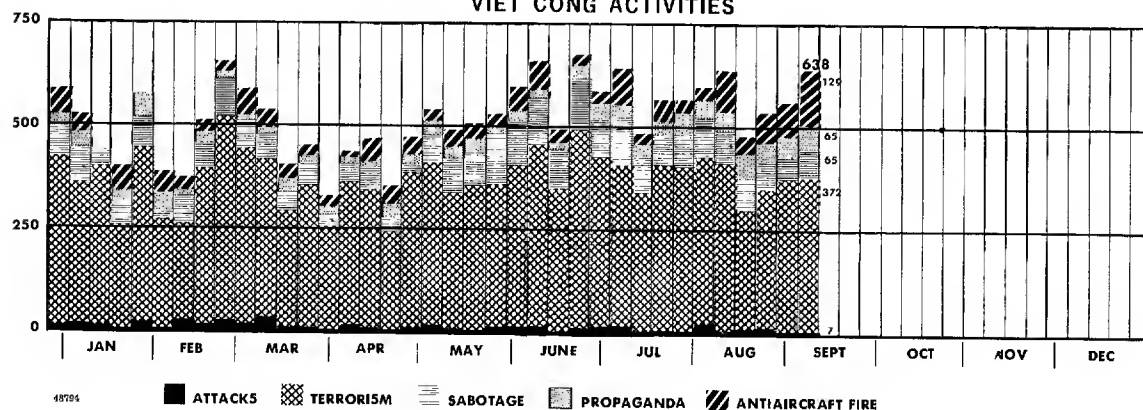
PERSONNEL LOSSES (KILLED IN ACTION, MISSING IN ACTION, CAPTURED)



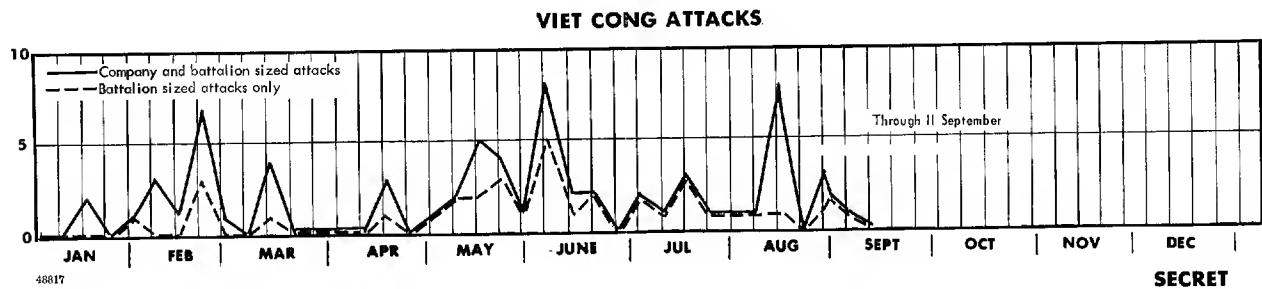
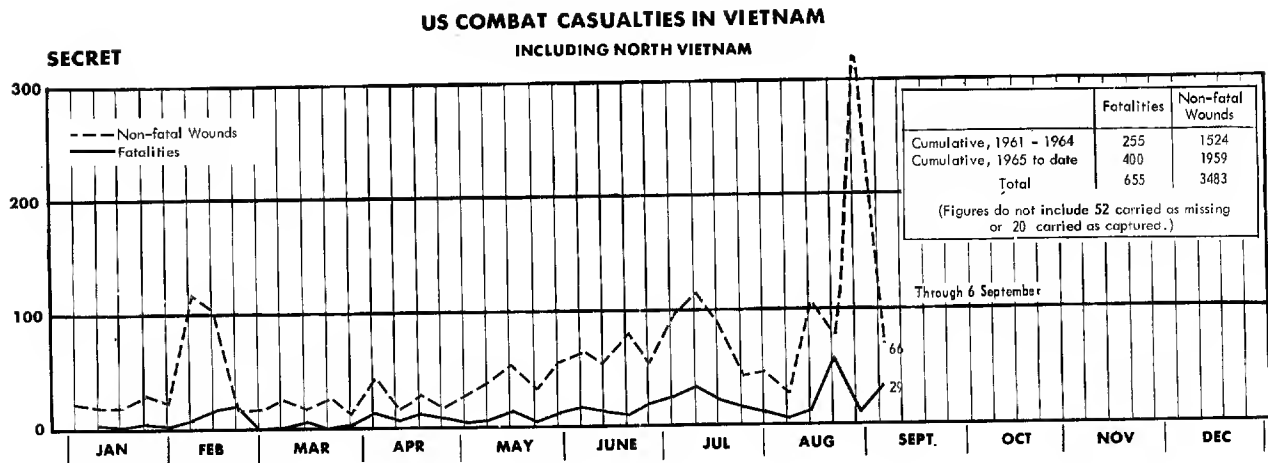
WEAPONS LOSSES



VIET CONG ACTIVITIES



SECRET



Approved For Release 2001/09/05 : CIA-RDP79T00472A001800030003-7

~~SECRET~~
NO FOREIGN DISSEM
BACKGROUND USE ONLY

BACKGROUND USE ONLY

Approved For Release 2001/09/05 : CIA-RDP79T00472A001800030003-7
~~SECRET~~